

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** June 10, 2008  
**POSITION:** Neutral

**BILL NUMBER:** SB 911  
**AUTHOR:** P. Wiggins

### **BILL SUMMARY:** Commercial Air Carriers: Hot Air Balloons.

This bill would extend the sunset date on provisions regulating commercial balloon operators from January 1, 2009 to January 1, 2013. In addition, the bill would expand the definition of "commercial air operator" and apply minimum liability insurance requirements specifically to ballooning services for hire.

### **FISCAL SUMMARY**

This bill likely would have minimal fiscal impact on the state as it merely extends existing provisions of law.

The California Constitution requires the state to reimburse local government for the costs of any program or increased level of service mandated by the Legislature or any state agency. Any local government costs resulting from the mandate in this measure would not be state-reimbursable because the mandate only involves the definition of a crime.

### **COMMENTS**

The Department of Finance is neutral on this bill because it has minimal fiscal impact on the state.

This bill would:

- Extend the sunset date on provisions regulating commercial balloon operators.
- Expand the definition of "commercial air operator" to also exclude persons that provide transportation by hot air balloon for sporting purposes.
- Remove transportation by hot air balloon for entertainment, recreational, and sporting purposes from minimum liability insurance requirements and specifically limit its applicability to those that provide these services for hire.
- Require air operators to display their business license only within the city or county that is the person's primary place of business frequented by customers and potential customers.

Existing law exempts commercial balloon operators from regulation by the California Public Utilities Commission (PUC). Prior to 2005, insurance requirements for commercial balloon operators were established by the PUC. Balloon operators were concerned by the high cost of liability insurance and the lack of availability of liability insurance. Operators were also of the opinion that PUC oversight and regulation of this industry was unnecessary. AB 2340 (Wiggins) Chapter 881, Statutes of 2004 established minimum insurance requirements for balloon operators, required notification to passengers of the operator's liability coverage, required proof of coverage to a local government entity granting the ballooning company a business license, and removed the PUC's jurisdiction. These changes were effective for four years to allow experience with the new rules. This bill would extend minimum insurance requirements four more years.

Analyst/Principal (0621) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
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